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IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

CHICAGO HOUSING AUTHORITY AND	) No. 10 C 7681
RSD GALEWOOD, LLC,	)
	)
Plaintiff,	)
	)
v.	)
	)
BOARD OF DIRECTORS OF THE ENCLAVE AT	) July 23, 2012
GALEWOOD CROSSINGS MASTER ASSOCIATION,	) Chicago, Illinois
CHARLES CATCHINGS, MARIE LANE, TASHARIA	) 5:08 p.m.
GARDNER, BIANCA ALARCON, AND ELIDA CRUZ,	)
	)
Defendants.	) Settlement

TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE MAGISTRATE JUDGE SUSAN E. COX

APPEARANCES:

For the Plaintiff	CHICAGO HOUSING AUTHORITY
CHA:	200 West Adams Street
	Suite 2100
	Chicago, Illinois 60606
	BY: MR. GEORGE J. BROWN
For the Plaintiff	LEVENFELD PEARLSTEIN
RSD Galewood LLC:	2 North LaSalle Street
	13th Floor
	Chicago, Illinois 60602
	BY: MR. CHRISTOPHER H. HEINTSKILL

TRACEY DANA McCULLOUGH, CSR, RPR  
Official Court Reporter  
219 South Dearborn Street  
Room 1426  
Chicago, Illinois 60604  
(312) 922-3716

**NOTE: Please notify of correct speaker identification.  
FAILURE TO SPEAK DIRECTLY INTO THE MICROPHONE MAKES  
PORTIONS UNINTELLIGIBLE.**

1 APPEARANCES CONTINUED:

2 For all Defendants:

KOVITZ SHIFRIN NESBIT  
750 West Lake Cook Road  
Suite 350  
Buffalo Grove, Illinois 60089  
BY: MR. CHRISTOPHER E. RALPH

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1 THE CLERK: 10 Civil 7681, CHA versus Board of  
2 Directors of the Enclave at Galewood Crossings.

3 THE COURT: Okay. I want all of my attorneys and my  
4 parties to come on up. Everybody come on up. And I want  
5 everybody to line up and then speak your name and who you  
6 represent if you're a lawyer into the microphone, please.

7 MR. HEINTSKILL: Christopher Heintskill, attorney on  
8 behalf of the plaintiff RSD Galewood.

9 THE COURT: Okay. And you guys identify yourselves  
10 too.

11 MR. FISHBEIN: Todd Fishbein, principal of Red Seal  
12 Development .

13 MR. HOFFMAN: Brian Hoffman, principal of Red Seal  
14 Development.

15 THE COURT: Thank you.

16 MR. BROWN: George Brown, attorney on behalf of the  
17 Chicago Housing Authority.

18 MR. AMARAL: Scott Amaral, Acting Chief Housing  
19 Officer for the Chicago Housing Authority.

20 MR. RALPH: Chris Ralph on behalf of all defendants.

21 MR. CATCHINGS: Charles Catchings, Board president  
22 for the Enclave at Galewood Crossings Master Association.

23 MS. CRUZ: Elida Cruz, Master Association Board  
24 member.

25 MS. GARDNER: Tasharia Gardener, Treasurer for the

1 Enclave at Galewood Crossings.

2 THE COURT: Okay. We have spent the last little over  
3 four hours negotiating a settlement in this case, and I am  
4 going to do my best to put the terms of the settlement into the  
5 record. I'd like everyone to listen very carefully, because at  
6 the end of my recitation I'm going to ask you to either add or  
7 and subtract from my record if I've gotten it incorrectly. And  
8 then I'm going to ask everyone to indicate verbally that they  
9 agree that these are the terms that we negotiated subject to  
10 HUD approval, and obviously we have to draft -- you have to  
11 draft a formal consent decree, but these are the essential  
12 terms for that decree. And these are a little out of order,  
13 but bear with me.

14 The first thing is that CHA will install and pay for  
15 24-hour surveillance cameras for the first year following -- 60  
16 days after the closing of the sale of certain units to CHA by  
17 the developer. After 60 -- I'm sorry, after six months CHA  
18 will evaluate what has been recorded by those cameras. And  
19 then if after an assessment is made, the cameras will revert to  
20 essentially what's their normal operation.

21 The CHA will engage in best efforts for screening the  
22 qualifications of those individuals who intend to rent the  
23 properties in question for the purpose of owning the units.  
24 They will use the tenant selection plan, which as I understand  
25 it -- as I understand it, screens for felony convictions as

1 well as ensuring that the individual works at least 20 hours a  
2 week. CHA will purchase seven units in total from the  
3 developer.

4 CHA agrees that the units that it owns will not be  
5 permitted to have placards indicating CHA ownership  
6 information, and there will be no for rent or sale signs  
7 displayed in said units, subject to the declarations that are  
8 already in place in the community. And that they will consult  
9 with the Board of the Association on the selection of the  
10 management company for the seven units.

11 The developer will complete the lift within 60 days  
12 of the closing of the CHA units. Weather and seasonal  
13 permitting. But upon closing will escrow an amount of \$60,000  
14 to ensure the completion of that work. The application to draw  
15 on that escrow fund will be made to this Court. The developer  
16 will grant nine vacant lots title free and clear to the Board  
17 of Directors. And in exchange for those -- in exchange for the  
18 grant of the property that I've just described and the  
19 completion of the lift, the Board of Directors is releasing the  
20 developer from any liability on the completion of the park, the  
21 lift slash road, and any landscaping.

22 The developer will create an escrow account with the  
23 following provisions: \$25,000 will be set aside. And again,  
24 this would be on closing, for the payment of the costs of any  
25 defense of claims brought against the Board of Directors

1 relating to alleged violations of duties in conjunction with  
2 the settlement of the case along the terms of the consent  
3 decree to the extent that insurance held by the Board does not  
4 already cover those claims. That escrow again would be --  
5 application for funds to be dispersed out of that escrow  
6 account would be made to the Court.

7           No Board members or previous Board members can bring  
8 such a claim. And the Board would have the right to pick its  
9 own attorney. And if it made an application for a claim to be  
10 paid out of the escrow to the Court, that cost of making that  
11 application will be paid out of that escrow. And again, the  
12 intent of this escrow would be to kick in to the extent any  
13 insurance would not cover the claim. And the claims would  
14 again be limited to the -- specifically to claims against the  
15 Board for breach of duties in conjunction with the settlement  
16 of this case.

17           The consent decree will provide in sum and substance  
18 that the leasing agreement entered into by the Board in  
19 September of 2010 is unenforceable against the units that are  
20 going to be purchased from the developer by the CHA, those  
21 seven units that I previously identified. Anything else?

22           MR. HEINTSKILL: Judge, just for point of  
23 clarification on the escrow.

24           THE COURT: Yes.

25           MR. HEINTSKILL: The 25,000 for closing -- or cost of

1 defense. I wasn't sure and I apologize if you did lay it out,  
2 but it's limited to one year, is that correct?

3 THE COURT: Oh, it's one year. Yes, it's one year.  
4 Any claims should be made within a year. Yes, thank you. I  
5 neglected that. So thanks for bringing that up. Anything  
6 further from anybody?

7 MR. BROWN: Yes.

8 THE COURT: Yes, sir.

9 MR. BROWN: Your Honor, the CHA screening process is  
10 just not limited to someone working 20 hours. If they are a  
11 full-time student --

12 THE COURT: Student, right. Right.

13 MR. BROWN: -- they are also eligible for the  
14 program.

15 THE COURT: Right. Right. Right.

16 MR. RALPH: And, Judge, I apologize again if you  
17 covered this, but the best efforts --

18 THE COURT: That's what this is for.

19 MR. RALPH: The best efforts of the CHA to utilize  
20 the rent to own program for tenants.

21 THE COURT: Right.

22 MR. BROWN: Yes.

23 THE COURT: Yes, I did say that, yes.

24 MR. RALPH: And one last point of clarification.

25 THE COURT: Sure.

1 MR. RALPH: On the \$25,000 escrow.

2 THE COURT: Yes.

3 MR. RALPH: If there are any remaining balance after  
4 the one year, it will revert back.

5 THE COURT: Yes. After one year if there have been  
6 no claims made, the balance is returned in full to the  
7 developer.

8 MR. RALPH: Would that be upon application to the  
9 Court?

10 THE COURT: Yes. I would have to approve that.

11 MR. RALPH: Okay.

12 THE COURT: You would have to move -- you would be --  
13 you know, your lawyer would be notified just in case there's  
14 something you might not be aware of that had come in. And then  
15 I would say yes, the money would be returned.

16 MR. RALPH: Right.

17 THE COURT: I would close that out. I'll probably  
18 have to close out the other escrow as well on the completion of  
19 the lift.

20 Okay. So what I'm going to ask you guys to do now is  
21 all indicate by saying yes that this is the -- that this is the  
22 agreement that we negotiated. And again, we all know that this  
23 is subject to the HUD approval. But subject to that proviso  
24 indicate yes, you agree that this is the settlement.

25 MR. FISHBEIN: Yes.



1 MR. HOFFMAN: Yes.

2 MR. AMARAL: Yes.

3 MR. HEINTSKILL: Yes, Your Honor.

4 MR. BROWN: Yes, Your Honor.

5 MR. RALPH: Yes, Your Honor.

6 MR. CATCHINGS: Yes, Your Honor.

7 MS. CRUZ: Yes.

8 MS. GARDNER: Yes.

9 THE COURT: So you all?

10 ENTIRE GROUP: Yes. Yes, Your Honor.

11 THE COURT: Okay. All right. There not being any  
12 further changes and everybody having agreed and assented, we  
13 are concluded for the evening, or for the day. Thank you very  
14 much everyone for your patience and your willingness to  
15 negotiate. I appreciate it. I will notify Judge Lee of what's  
16 occurred so you're -- anything you have scheduled in front of  
17 him is officially not -- is gone. And I will set the matter  
18 for status. What would you suggest, lawyers?

19 MR. HEINTSKILL: We're supposed to be before Judge  
20 Lee on the 8th.

21 THE COURT: That will be stricken, without a doubt.

22 MR. HEINTSKILL: Do you want to schedule it for that  
23 date or do you think that's too optimistic?

24 THE COURT: I think that's too optimistic, and I'm  
25 not going to be here. Why don't I see you the week of August

1 27th. I'll see just the lawyers. On let's say the 29th, which  
2 is a Wednesday at 9:30.

3 MR. RALPH: That's fine with me.

4 THE COURT: Okay. Good.

5 MR. HEINTSKILL: And, Judge, that -- again, is that  
6 for status?

7 THE COURT: Just a status.

8 MR. HEINTSKILL: Okay.

9 THE COURT: To see if there's any wrinkles I need to  
10 hear about.

11 MR. HEINTSKILL: We've agreed to a referral to Your  
12 Honor for purposes of entering the consent decree as well.

13 THE COURT: Right. Right. Yes. The consent, right.

14 MR. HEINTSKILL: Okay.

15 THE COURT: Right. Okay. Wonderful. Thank you.

16 MR. HEINTSKILL: Thank you for your time, Your Honor.

17 MR. BROWN: Thank you, Your Honor, very much.

18 THE COURT: Again thank you everybody for your  
19 presence.

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CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true,  
correct and complete transcript of the proceedings had at the  
hearing of the aforementioned cause on the day and date hereof.

/s/TRACEY D. McCULLOUGH

August 7, 2012

Official Court Reporter  
United States District Court  
Northern District of Illinois  
Eastern Division

Date